



Bryce Yokomizo
Director

November 21, 2002

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**RECOMMENDATION TO APPROVE AMENDMENT NUMBER ONE TO EXTEND
CONTRACT #73483 WITH THE CITY OF HAWTHORNE FOR GAIN VOCATIONAL
SERVICES AND TO AMEND THE LOS ANGELES COUNTY COMMUNITY SERVICE
PLAN
(ALL DISTRICTS - 3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chair to sign the enclosed Amendment Number One to the County GAIN Vocational Services Agreement number 73483 with the City of Hawthorne to increase the Total Maximum Contract Sum by \$1,318,412, and to extend the Agreement for an additional 18 months, with a new contract termination date of June 30, 2004. The additional \$1,318,412 will be funded by CalWORKs Single Allocation, and there is no additional net County cost. The additional estimated cost for FY 2002-03 is \$445,891 and is included in the FY 2002-03 Adopted Budget.
2. Approve the attached amended Los Angeles County Community Service Plan for the provision of the Community Service program. This amendment will allow the County to expand its Community Service program to include a voluntary, wage-based (salaried) option.

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3. Delegate authority to the Director, Department of Public Social Services, to prepare and execute, after review and approval by CAO and County Counsel, an amendment to incorporate the Wage-Based Community Service (WBCS) program upon Board and State approval, at a maximum cost of \$1,311,000, through the use of CalWORKs Performance Incentive funds approved by your Board for this purpose on June 26, 2002. The amendment will be for terms starting one day after execution by the DPSS Director, and terminating June 30, 2003.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

CalWORKs welfare reform provisions were implemented in the County on April 1, 1998. Because the original County CalWORKs Plan was general and established only the framework for countywide implementation of CalWORKs, your Board directed the development of individual detailed plans for each aspect of the CalWORKs program. On November 9, 2000, the California Department of Social Services (CDSS) certified Los Angeles County's Community Service Plan. The Plan allowed for a Grant-Based (unsalaries) Community Service program, but not a wage-based program.

When DPSS recommended the current GAIN Vocational Services Agreement for your approval, it recommended an 18-month term in hopes of expanding its Community Service program to include voluntary Wage-Based Community Service. However, State law precluded this. The State subsequently passed legislation to allow the implementation of WBCS. Approval of the attached plan will allow the Department, upon State approval of the amended plan, to continue to provide services to its Welfare-to-Work participants and incorporate Wage-Based Community Service into its current Grant-Based Community Service program, while taking full advantage of a three-year term, as the State allows.

Under the current Agreement, the City of Hawthorne coordinates, maintains and distributes ten provider directories (e.g., Vocational Education and Training, On-The-Job Training, and Vocational English-as-a-Second Language) to all Los Angeles County GAIN regional and sub-regional offices. In addition, Hawthorne also provides intermediary services to administer and subcontract for Work Experience (WEX) and Grant-Based Community Service for CalWORKs participants. The current Agreement is due to expire December 31, 2002.

On June 26, 2002, the Board approved the use of \$1,311,000 in Performance Incentive funds for the Wage-Based Community Service program. As wage-based assignments are completely new to the Department, the Department has chosen to implement WBCS as a pilot program in order to assess the program's effectiveness and obtain participation rates. As this is a pilot, we do not anticipate using the full \$1,311,000 authorized by the Board. Any unused funds will be available for the five stakeholder groups (Chief Administrative Office, New Directions Task Force, Public Social Services Commission, Community Service Planning Group and my Department) to prioritize in their January 2003 meeting and submit recommendations for your Board's approval.

Implementation of Strategic Plan Goals

The amended Community Service Plan and Amendment Number One are consistent with the principles of the Countywide Strategic Plan in providing seamless Welfare-to-Work activities to prepare CalWORKs participants for employment and job advancement. This is consistent with Goal #1, Strategy #2: Design seamless service delivery systems.

The Plan's call for intermediary services of administering and subcontracting with WEX, Community Service and Wage-Based Community Service providers is consistent with Goal #3, Strategy #3: Collaborate across functional and jurisdictional boundaries and Goal # 5, Strategy #2: Improve children and families' well-being.

FISCAL IMPACT/FINANCING

Amendment Number One increases the current Total Maximum Contract Sum of the GAIN Vocational Services Agreement with the City of Hawthorne to \$2,622,052. The additional \$1,318,412 will be funded by CalWORKs Single Allocation. The estimated additional cost for the FY 2002-03 is \$445,891 and is included in the FY 2002-03 Adopted Budget. Since there is a CalWORKs Maintenance of Effort requirement, which has been met by the Department, there will be no additional net County cost for FY 2002-03. The estimated cost for FY 2003-04 is \$872,521 and will be included in the FY 2003-04 Departmental Budget Request.

The contractor will continue to be paid monthly in arrears based on their anticipated costs. On a quarterly basis, the contractor will submit a quarterly reconciliation invoice, wherein they will report their actual costs for the three-month period.

Should the Department exercise its option to further amend the Agreement to incorporate WBCS, the contractor will be similarly paid, and a similar quarterly process will be used for administrative costs. However, for direct service costs associated with participant grants, advances will be provided based on the projected number of participants in the program. These participation rates will be reconciled, and costs will be adjusted the following month.

The maximum amount for the Wage-Based Community Service program is \$1,311,000 and will be funded exclusively with CalWORKs Performance Incentive funds. Therefore, there is no net County cost impact.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

CalWORKs law (AB 1233) requires that the counties that intend to offer "grant-based On-the-Job Training" (Wage-Based Community Service) as part of their CalWORKs Community Service activities must submit a County plan amendment to the State for approval.

Upon State approval of the County's amended Community Service Plan to promote WBCS, and with your approval of delegated authority to the Director, DPSS, the Department will further amend the current Agreement with the City of Hawthorne to include the administration of WBCS. The City of Hawthorne currently administers the Department's Grant-Based (unpaid) Community Service program and is qualified to administer the wage-based program.

As envisioned in Los Angeles County, CalWORKs participants who opt for the wage-based program will have a portion of their CalWORKs grant diverted to an employer. The employer will issue the grant in the form of wages. The City of Hawthorne will function as the employer of record and serve as the fiscal intermediary for all WBCS providers. The services Hawthorne will provide include the distribution, collection, and processing of required tax forms, as well as the distribution of paychecks to CalWORKs participants.

State and federal tax laws will apply to the earnings and will be deducted. The total amount of a CalWORKs grant received by a wage-based participant will be less than his/her normal grant payment. However, the wage-based participant may be eligible for the Earned Income Tax Credit, in which up to 60 percent of the credit may be received in the form of a monthly advance.

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With respect to the federal Food Stamp program, the wages count as earned income, and Food Stamp disregards would apply. This would mean an increase in the monthly Food Stamp allotment for wage-based participants.

The initial implementation of the wage-based program will be piloted in a single GAIN regional area. After the initial pilot of the wage-based program is operational, the program will be expanded to include all GAIN regions on a flow basis, should funding be available.

The Wage-Based Community Service component of the Agreement will terminate on June 30, 2003, due to lack of funding.

The Amendment will extend the current Agreement, which began July 1, 2001, for an additional 18 months for a total contract term of three years. The new expiration date will be June 30, 2004.

Although the WBCS program will end by June 30, 2003, the contractor will continue to provide ongoing services, other than WBCS, beyond June 30, 2003. These services include maintaining directories of vocational education and training providers, acting as intermediary between the Department and work experience providers, and administering the Grant-Based Community Service program. The 18-month extension will allow us to take advantage of the full three-year term the State allows.

The contractor will not be asked to perform services which will exceed the overall contract maximum of \$2,622,052, the scope of work, and the contract term.

There will be no adverse impact to County employees as a result of the Agreement's Amendment. Approval of this Amendment will not result in unauthorized disclosure of confidential information and will be in full compliance with applicable federal, State and County regulations. This Amendment complies with all of the requirements of Los Angeles County Code Section 2.121.250 B; these services cannot be performed adequately, competently, or satisfactorily by County Civil Service employees.

The Amendment includes standard language on the Jury Service Program. The contractor is in compliance with the program.

The Amendment has been approved as to form by County Counsel.

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CONTRACTING PROCESS

No solicitation was made for these services. CDSS regulation 23-650 allows contracts to be negotiated without bidding, when the service is being provided by any federal, State, or local government agency, public university, public college, or other public educational institution.

IMPACT ON CURRENT SERVICES

Approval of the plan will allow an additional option to CalWORKs participants who must participate in Community Service. Participation in the Wage-Based Community Service program will be voluntary.

The approval of this Amendment will not infringe on the role of the County in its relationship to its residents, and the County's ability to respond to emergencies will not be impaired. There is no change in risk exposure to the County.

CONCLUSION

Upon Board approval, the Executive Officer, Board of Supervisors, is requested to return one (1) adopted stamped Board letter and three (3) original signed copies of Amendment Number One to the Department of Public Social Services.

Respectfully submitted,

A handwritten signature in black ink that reads "Bryce Yokomizo" followed by a circled "sk".

Bryce Yokomizo
Director

BY:ro

Attachments

c: Executive Officer, Board of Supervisors
Chief Administrative Officer
County Counsel